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USTR FOR STRATFORD, ALTBACH

E.O. 12958: N/A

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SUBJECT: Two State-Owned Enterprises to Drop "China" from Name

¶1. (U) Summary: Chinese Petroleum Corporation (CPC) and China Shipbuilding Corporation (CSBC) announced on February 1 that they would change their names to "CPC, Taiwan" and "CSBC, Taiwan." CPC and CSBC have estimated the cost of the change at US\$2 million and US\$600,000, respectively. They are the first state-owned enterprises to change their names under the Chen administration's "name rectification" campaign. Opposition politicians have criticized the changes as a waste of money with purely political motives. End summary.

¶2. (U) Chinese Petroleum Corporation (CPC) and China Shipbuilding Corporation (CSBC), both majority owned by the Taiwan authorities (i.e., state-owned), announced on February 1, 2007 that they would change their names to replace references to "China" with "Taiwan." They are the first state-owned enterprises (SOEs) to announce such a change. Their new English names will be "CPC, Taiwan" and "CSBC, Taiwan." CPC's and CSBC's Chinese names (in standard pinyin) will change from "Zhongguo Shiyou" to "Taiwan Zhongyou" and "Zhongguo Zaochuan" to "Taiwan Guoji Zaochuan," respectively. The name changes still require approval by the two company's respective boards of directors, but few expect the boards to reject the proposed changes.

¶3. (U) To preserve brand identity and minimize costs associated with the name change, CPC and CSBC have both indicated that company trademarks and logos in English will not change. Domestically, signs and Chinese-language documentation will be changed gradually. Because CPC will preserve the Chinese short-hand designation of "Zhongyou" in its name, it may be able to further limit costs. CPC and CSBC estimate expenses for the name changes to total NT\$70 million (US\$2 million) and NT\$20 million (US\$600,000), respectively.

¶4. (U) The Chen administration first publicly called on Taiwan state-owned enterprises (SOEs) to "rectify" their names in December 2004. At the time, there was no mandatory order, but SOEs were asked to change their names within a two-year period (2005-2006). President Chen also called for the names of Taiwan's representative offices overseas to be changed. Taiwan's semi-official trade promotion agency changed its name in January 2004 from "China External Trade Development Council (CETRA)" to "Taiwan External Trade Development Council (TAITRA)." More recently, Taiwan authorities changed the name of Chiang Kai-Shek (CKS) International Airport to Taiwan Taoyuan International Airport in September 2006.

¶5. (SBU) The Chen administration has argued that changing the names

of SOEs will eliminate confusion with PRC entities as well as promote the "Taiwan" name internationally. Opposition pan-Blue legislators have criticized the decisions as a waste of money for purely political motives. A CPC executive once characterized the name change campaign to AIT as driven by ideology, dismissing any economic justification for the change.

16. (U) CPC and CSBC are among six state-owned enterprises targeted by the Taiwan authorities for name changes. The other four firms are the Export-Import Bank of the Republic of China, Chunghwa Post Co., Chunghwa Telecom Co. (CHT), and Central Trust of China (a state-owned bank). China Airlines has also been identified as a possible candidate. The airline is reportedly considering changing its name to "Taiwan Airlines" or "Formosa Airlines" but has expressed concern that renaming itself "Taiwan Airlines" could affect its landing rights in Hong Kong, one of its most profitable routes.

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